# OIL COMPANY OF CANADA LIMITED

Cancorp

# ANNUAL REPORT 1974

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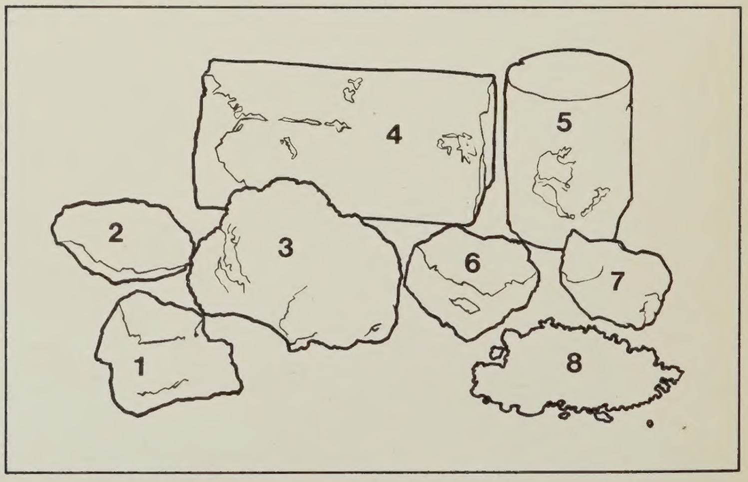


UNION OIL COMPANY
OF CANADA LIMITED

## Financial and Operating Highlights

| | 1974 | 1973 |
|---|---|---|
| **Financial** | | |
| Total income | $85,518,000 | $65,259,000 |
| Cash flow | 37,359,000 | 34,369,000 |
| — per share | 2.59 | 2.39 |
| Earnings for the year | 10,452,000 | 9,137,000 |
| — per share | 0.73 | 0.63 |
| Working capital at year end | 46,288,000 | 34,499,000 |
| Capital expenditures during year | 26,651,000 | 23,166,000 |
| **Operating** | | |
| Average net daily production | | |
| Crude oil and natural gas liquids (bbls.) | 26,601 | 34,530 |
| Natural gas (mcf) | 71,770 | 63,952 |
| Sulphur (long tons) | 257 | 257 |
| Net reserves at year end | | |
| Crude oil and natural gas liquids (bbls.) | 89,345,000 | 118,191,000 |
| Natural gas (mcf) | 526,348,000 | 544,676,000 |
| Sulphur (long tons) | 816,000 | 993,000 |
| Refinery throughput (bbls.) | 2,408,000 | 2,375,000 |
| Refined product sales (bbls.) | 2,879,000 | 2,659,000 |
| Land holdings at year end (net acres) | 8,430,000 | 6,221,000 |

## TO THE SHAREHOLDERS

From an operational standpoint 1974 was a successful year. All of the Company's existing facilities and operations continued to perform very satisfactorily and, in addition, the Company embarked on a number of diversified energy and mineral exploratory ventures. However, the Company during 1974 continued to encounter, on an ever increasing scale, very unusual and damaging government policies which have transformed an industry which was operating with efficiency, confidence and purpose into something far less aggressive, viable and creative. Because of government policies, the economic prerequisites which are essential to carrying on operations in many areas have ceased to exist and, consequently, it is a difficult task to make decisions relating to how the Company should proceed with its future programs.

Gross income for the year 1974 was $85.5 million, compared to $65.3 million in 1973. Cash flow increased to $37.4 million, as compared to $34.4 million for 1973. Net earnings for 1974 were $10.5 million, as compared to $9.1 million for 1973. The 1973 figure has been adjusted to give effect to the adjustment for deferred income taxes described in Note 3 on page 15 of this report.

At the time this report went to print there still existed many uncertainties relating to how the Company could prudently proceed with its programs. The taxation policies encompassed in the November, 1974, federal budget left the oil and gas industry in a perplexed state. After making provisions for the confiscatory aspects of the federal budget the financial position of the Company is not as encouraging as it would have been had the pre-budget business and taxation rules been maintained. An example of the unsatisfactory provisions in the budget is the treatment of royalties and mineral taxes paid to provinces as taxable income in the hands of the producing companies which, in essence, requires a group of taxpayers to pay tax on income received by others.

The theme of this Annual Report is natural resources with emphasis on energy. Our country should be truly cognizant of the fact that it needs to establish new energy reserves. Finding and developing new energy resources is the primary object of the Company and this can only be attained by reinvesting major portions of cash flow into high risk exploratory ventures. Since 1961 the Company has generated income totalling approximately $446 million all of which, except for funds on hand, has been reinvested into the Canadian economy. The Company's efforts have established reserves of petroleum substances which are for the benefit of all Canadians.

All levels of government benefit enormously, through various forms of taxation, from the Company's operations and its presence. It should be recognized therefore that it is the operations of this Company, and many others, that create the employment and reserves essential to the growth and health of our economic community. It simply does not make sense to think that wise investors will continue to invest risk capital in ventures which will not allow an opportunity to obtain a higher rate of return than is attainable without assuming a risk. Until the economic atmosphere stabilizes, rules of business are clarified and political adversaries resolve their differences, the Company has concluded that it is prudent to curtail or postpone some of the expenditures originally contemplated. It is crucial that all govern-

ments coordinate their efforts, make decisions and establish the required workable statutes and regulations which will make it possible for the oil and gas industry to be revitalized on a long term basis. The governments of Alberta, British Columbia and Saskatchewan have invoked measures, although they may only be stop-gap in nature, which have given the industry some relief from the impact of the federal budget. However, further immediate action is required by all governments if the required venture capital is going to be generated.

The costs confronting the oil and gas industry for new exploratory ventures are rapidly escalating. Many of the frontier regions have not yet been established as prime exploratory areas and in order to avoid having the exploratory effort in these areas wane it is absolutely essential that the federal government enunciate rules, which the industry has been expecting for approximately five years, and establish the necessary incentives which will attract the required risk capital. If this is not done the huge amounts of money required to discover reserves, which it is hoped exist in Canada, will, in all likelihood, be expended in areas outside of Canada where more attractive geological prospects exist and expenditures can be justified on an economic basis.

During 1974 the Company participated in frontier exploratory programs on the Scotian Shelf off Nova Scotia where five wells were drilled, in the Arctic Islands where 2 wells were drilled and in the Northwest Territories where an additional 3 wells were drilled.

In 1974 the Company entered into its first foreign exploratory venture by acquiring a 25% interest, under the terms of a production sharing agreement with The People's Republic of Bangladesh, in a 4,144 square mile area on land and off shore at the mouth of the Ganges River in the Bay of Bengal. Union Oil Company of Bangladesh, who is operator and holds a 75% interest, has commenced a seismic exploratory program to further evaluate structures in this region.

Further core drilling and bulk sampling work was, and is continuing to be, conducted on the Company's coal prospects in Alberta and the results to date are very encouraging. The Company is also participating in evaluating certain mineral prospects held by it in British Columbia, the Northwest Territories and Yukon Territory.

The Company's refining and marketing operations again performed well during 1974. Eight additional service station facilities were added to Union's retail marketing system.

The Company is extremely proud of its employees who in 1974 again brought enthusiasm and sincere effort to the goal of bettering the achievements of the Company so that further growth and development could be realized. The Board of Directors recognizes these efforts and extends its sincere appreciation and thanks.

By Order of the Board

W.E. Sauer

President

FARKAR

February 17, 1975

## REVIEW OF OPERATIONS

### Exploration

During 1974 the Company participated in the drilling of 36 exploratory wells, including 21 wells drilled by others under farmout agreements. Two of these exploratory wells were completed as oil wells and eight as gas wells. A total of 836 miles of seismic surveys were completed in Alberta, British Columbia, the Northwest Territories and Arctic Islands. Surface geological surveys were conducted in the Horton River region of the Northwest Territories and in the eastern Arctic Islands.

**Exploratory Wells**

| | 1974 | | 1973 | |
|---|---|---|---|---|
| **Union Participation** | **Gross** | **Net** | **Gross** | **Net** |
| Oil | — | — | 1 | .5 |
| Gas | 2 | 1.1 | — | — |
| Dry | 13 | 8.8 | 23 | 15.4 |
| | 15 | 9.9 | 24 | 15.9 |
| **Farmouts** | | | | |
| Oil | 2 | .6 | 3 | .9 |
| Gas | 6 | 2.0 | 2 | 1.0 |
| Dry | 13 | 4.1 | 16 | 4.7 |
| | 21 | 6.7 | 21 | 6.6 |
| TOTAL | 36 | 16.6 | 45 | 22.5 |

At the end of 1974 Union held 16,819,152 acres (7,766,642 net acres) under exploration permit or lease in Canada. The net total is about 25% above that of 1973. In addition Union has made application for exploration permits on Federal lands covering 9,776,270 acres. The Company also acquired a 25% interest in a 4,144 square mile concession in the People's Republic of Bangladesh. Exploration permits and mineral claims covering 130,465 acres are held in Alberta, British Columbia and the Northwest Territories.

Among the discovery wells two gas wells are particularly significant. In the foothills of northeastern British Columbia the Quasar Union Ojay c-88-F has been completed at a depth of 10,600 feet and during extended final absolute open flow testing the well flowed at 7 million cubic feet per day. Union retains a 50% interest in the 18,475 acre permit on which the discovery well was drilled and a 100% interest in an adjacent 74,224 acre permit on the same structure to the southeast. Quasar Petroleum Ltd. has committed to drill a 9,000 foot test on another 39,964 acre permit held 100% by Union to the west of the discovery. The discovery is on the same structural trend as the Grizzley gas field 20 miles to the northwest.

The second well in the Horton River region of the Northwest Territories (circled on the map inside back cover), the Ashland et al (Union 8⅓%) Tedji F-24, flowed 3.5 million cubic feet of gas from 17 feet of Cambrian sand at 3,732 feet. The discovery lies on the northwestern edge of a region some 150 miles in dia-

**Land Holdings at December 31, 1974 (acres)**

| | *Reservations & Permits | | Leasehold | | Total | |
|---|---|---|---|---|---|---|
| | **Gross** | **Net** | **Gross** | **Net** | **Gross** | **Net** |
| Alberta | 988,827 | 841,745 | 1,539,762 | 946,659 | 2,528,589 | 1,788,404 |
| British Columbia | 433,981 | 301,461 | 708,304 | 279,107 | 1,142,285 | 580,568 |
| Manitoba | — | — | 1,960 | 890 | 1,960 | 890 |
| Newfoundland | 820,096 | 410,208 | — | — | 820,096 | 410,208 |
| Saskatchewan | 1,280 | 640 | 204,357 | 77,863 | 205,637 | 78,503 |
| Scotian Shelf | 4,231,697 | 1,058,424 | — | — | 4,231,697 | 1,058,424 |
| N.W.T., Yukon, Arctic Islands, Offshore | 7,432,131 | 3,631,710 | 456,757 | 217,935 | 7,888,888 | 3,849,645 |
| TOTAL | 13,908,012 | 6,244,188 | 2,911,140 | 1,522,454 | 16,819,152 | 7,766,642 |
| Bangladesh | 2,652,160 | 663,040 | — | — | 2,652,160 | 663,040 |
| TOTAL | 16,560,172 | 6,907,228 | 2,911,140 | 1,522,454 | 19,471,312 | 8,429,682 |

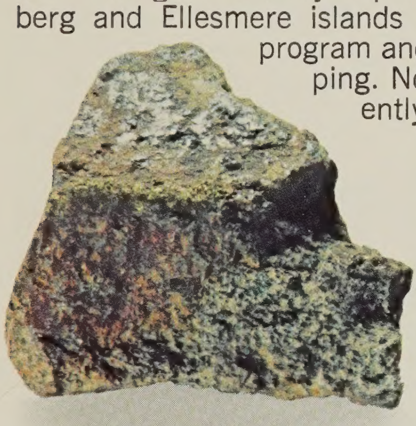
* Approximately 50% of the area of each permit or reservation may be converted to lease.

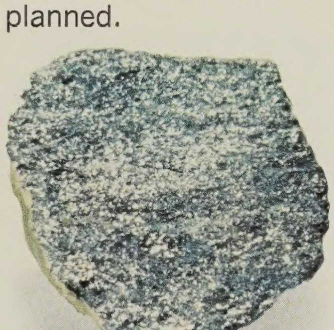
meter where Union for the past three years has been developing a major exploration program. Union now holds 1,769,000 net acres under permit, 5,054,000 acres under option and 685,000 acres in permit application. The Cambrian sand, the principal objective, thickens southwestward from the Tedji well to greater than 250 feet. Drilling depths range from 2,500 to 5,000 feet. Surface mapping and seismic surveys have located a number of large structures. Three of the previous four widely spaced wells have each encountered shows of medium gravity crude oil in cuttings and cores of the sand but the Tedji well is the first to yield an appreciable flow of hydrocarbons. As well as participating in the Tedji well, Union drilled and abandoned the East Maunoir M-48 on lands farmed out from Imperial Oil Limited and completed 240 miles of seismic work in the region. During the summer additional surface mapping was carried out. Two additional exploratory wells will be drilled by Union during the winter and another 200 mile seismic program is underway.

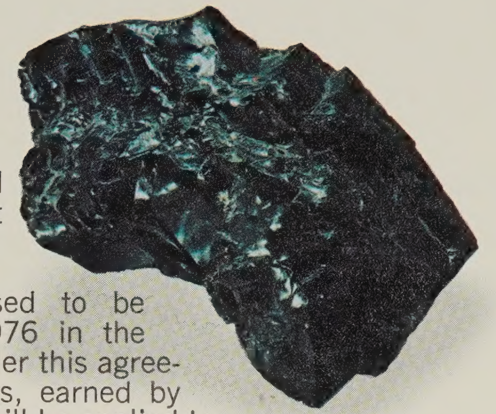
The two oil discoveries and the other six gas discoveries, all on Union lands in Alberta, require further development drilling to evaluate their significance.

On the Scotian Shelf off Nova Scotia Union and its partners, Canadian Industrial Gas and Oil Ltd. and Pan-Canadian Petroleum Limited, drilled five exploratory wells to earn an interest in 4,231,697 gross acres under the terms of a farmout from Shell Canada Limited. No shows of oil or gas were encountered and no further exploration is planned.

In the northeastern Arctic Islands Union participated in the drilling of two dry exploratory wells on Axel Heiberg and Ellesmere islands as well as in a seismic program and surface geological mapping. No additional work is currently planned.



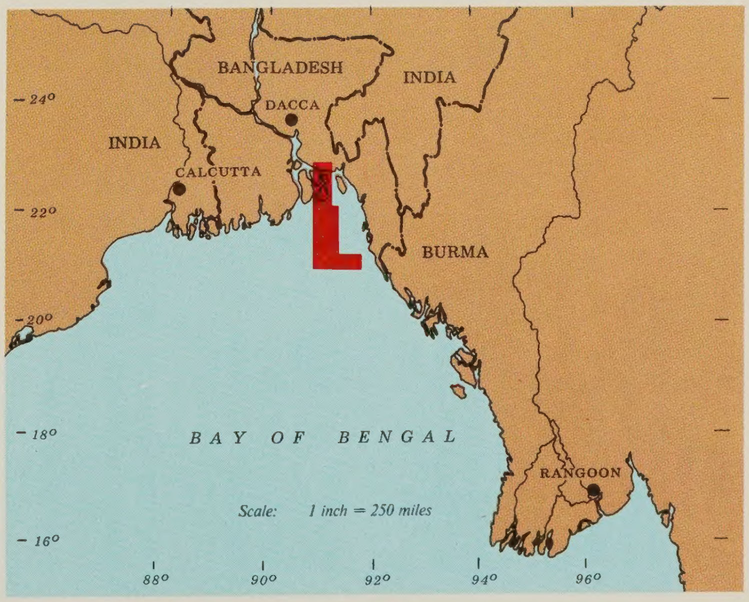




Union has entered into an agreement whereby it will contribute to the first well proposed to be drilled during 1976 in the Beaufort Sea. Under this agreement work credits, earned by drilling the well, will be applied to fulfill Union's and Canadian Superior Oil Ltd's work tender obligations on a 248,614 acre block in the Beaufort Sea northeast of Herschel Island. In addition Union and Canadian Superior acquire a preferential right to use the drilling system, should they elect to drill in the Beaufort Sea.

Union continued during 1974 to expand its mineral exploration effort. Coal exploration was carried out in Alberta and lead-zinc prospecting in the Yukon. Additional exploration on mineral claims and permits held by Union in British Columbia and the Northwest Territories was conducted by others under farmout agreements.

Union Oil Company of Canada Limited has acquired a 25% interest, under the terms of a production sharing contract, with the Bangladesh Oil and Gas Corporation, in a 4,144 square mile block at the mouth of the Ganges River. Union Oil Company of Bangladesh, the operator, holds the remaining 75% interest. Seismic surveys are presently underway to further evaluate structures on these lands which include both onshore and offshore acreage.



# Production

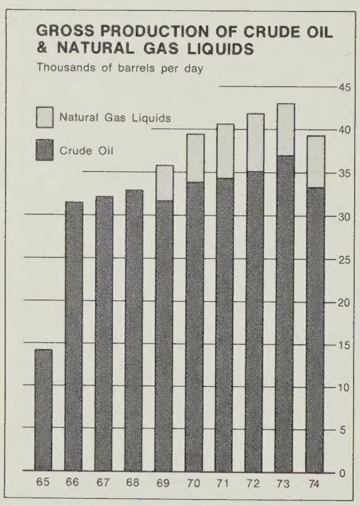
### DEVELOPMENT DRILLING

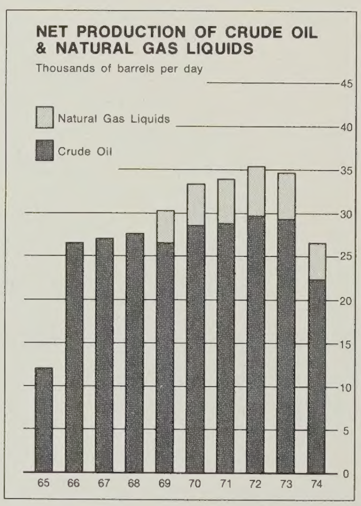
The Company's development drilling activity was reduced in 1974, as compared to past years, in response to economic uncertainty created by increasing royalties, proposed changes in tax legislation and market prorationing of heavy crude oil. With the possible exception of Alberta, it appears that there will be little incentive to return to former levels of development drilling in 1975.

During 1974 the Company participated in the drilling of 39 development wells, 30 in Alberta and 9 in British Columbia. Twelve wells were completed for oil production, 15 as gas wells, 4 for water injection and 8 were abandoned. In addition to these wells, which are summarized in the following table, 15 core holes were completed on Company lands in the Athabasca oil sands.

**Development Wells**

| | 1974 | | 1973 | |
|---|---|---|---|---|
| **Union Participation** | **Gross** | **Net** | **Gross** | **Net** |
| Oil | 8 | 5.7 | 37 | 14.0 |
| Gas | 10 | 1.8 | 6 | 0.9 |
| Service | 4 | 1.1 | 2 | 0.8 |
| Dry | 3 | 1.8 | 5 | 4.0 |
| | 25 | 10.4 | 50 | 19.7 |
| **Farmouts** | | | | |
| Oil | 4 | 0.6 | 4 | 0.6 |
| Gas | 5 | 1.2 | 3 | 0.4 |
| Dry | 5 | 1.5 | 9 | 1.7 |
| | 14 | 3.3 | 16 | 2.7 |
| TOTAL | 39 | 13.7 | 66 | 22.4 |

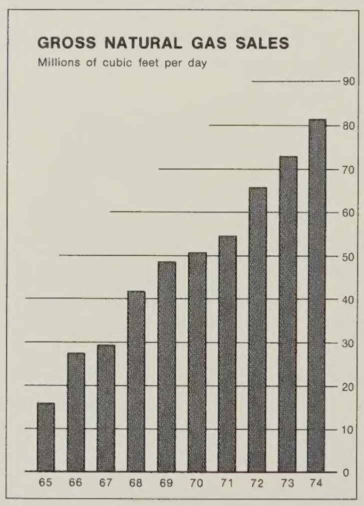


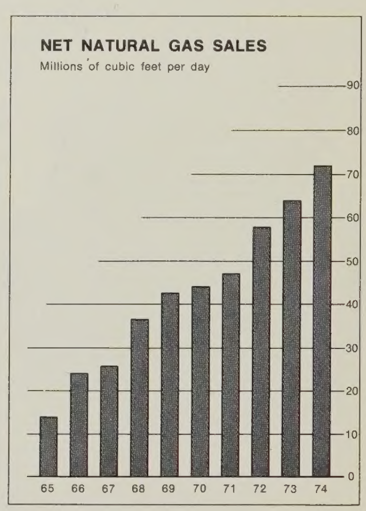




### CRUDE OIL and NATURAL GAS LIQUIDS

Union's gross production of crude oil and natural gas liquids in 1974 averaged 39,097 barrels per day, down 9% from 1973. The decrease results primarily from a loss of export demand for the Company's heavy oil production in Saskatchewan. Due to a high export tax this oil is overpriced in its historical market and efforts to obtain an adequate reduction in tax have been unsuccessful. High prices also contributed to reduced demand for Alberta oil during the last quarter of 1974. Further declines in Canadian production can be expected in 1975 as crude oil and condensate exports to the United States will be reduced from slightly over 900,000 barrels per day in 1974 to an average of about 725,000 barrels per day.

Union's net production of crude oil and natural gas liquids averaged 26,601 barrels per day, a decrease of 23% from 1973. This decrease is related to lower gross production but is mainly attributable to higher royalties introduced in Alberta and British Columbia on April 1, 1974. In lieu of increasing royalties Saskatchewan levied a surcharge on January 1, 1974, which greatly reduced the value of the Company's net production in that Province.



The average price received for crude oil and natural gas liquids improved from $3.30 per barrel in 1973 to $4.94 per barrel in 1974; however, this gain was largely offset by increased royalty or tax burdens; particularly in British Columbia and Saskatchewan.

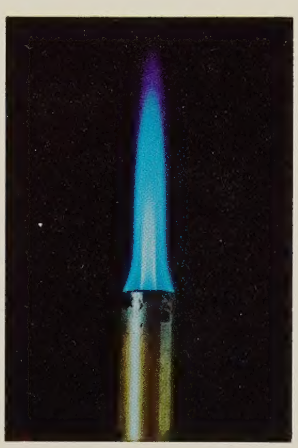
**Production of Crude Oil and Natural Gas Liquids**

| | Average Gross Daily Barrels | | Average Net Daily Barrels | |
|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 |
| Alberta . . . . . . | 23,759 | 24,376 | 16,080 | 20,186 |
| British Columbia . | 5,411 | 6,275 | 2,607 | 4,427 |
| Manitoba . . . . . | 278 | 288 | 238 | 244 |
| Saskatchewan . . . | 9,649 | 12,103 | 7,676 | 9,673 |
| TOTAL . . . . . . | 39,097 | 43,042 | 26,601 | 34,530 |

Production revenue cannot be expected to improve in 1975 unless the Federal and Provincial governments reach agreement on sharing of resource revenue and, more importantly, allow an equitable portion to flow through to industry.

In Alberta expansion of the Sturgeon Lake South plant and installation of natural gas liquid recovery facilities were completed in late 1974. Depending upon demand for Alberta production in 1975, Union's net share of new production will be up to 950 barrels per day of crude oil and natural gas liquids. Also in Alberta unitization and installation of waterflood facilities is progressing at an extension to the Kaybob South Triassic oilfield. When complete in 1975 this project will increase Union's share of production by approximately 600 barrels per day.

**NATURAL GAS**



Gross sales of natural gas increased 11% to 80.8 million cubic feet per day. The increase is mainly attributable to new production commencing in late 1973 and during 1974 in Alberta. Net sales increased by 12% to 71.8 million cubic feet per day. The increase in net sales results from new Alberta production and from elimination of royalty on natural gas in British Columbia. The British Columbia Petroleum Corporation, a Provincial corporation, has been formed to purchase and market all natural gas produced in the Province. The Corporation will take a profit on gas sold in lieu of a royalty. Natural gas continues to be underpriced in relation to other fuels, however, price increases were received in 1974 and further gains are anticipated in 1975.

The average price received was 25.7 cents per thousand cubic feet, an increase of 10.4 cents over the 1973 average.

**Production of Natural Gas**

| | Average Gross MCF/Day | | Average Net MCF/Day | |
|---|---|---|---|---|
| | 1974 | 1973 | 1974 | 1973 |
| Alberta . . . . . . | 44,570 | 36,142 | 36,055 | 32,060 |
| British Columbia . | 32,549 | 33,859 | 32,430 | 29,345 |
| Saskatchewan . . . | 3,690 | 2,852 | 3,285 | 2,547 |
| TOTAL . . . . . . | 80,809 | 72,853 | 71,770 | 63,952 |

**HEAVY OIL**

At present the Company holds 243,000 acres of prospective "heavy oil" or bitumin land in the Athabasca, Chipewyan and House River areas of northeastern Alberta. Substantial deposits of bitumin have been confirmed on these holdings at depths ranging from less than 100 feet to about 1,000 feet. The properties were acquired on the basis that bitumin may become an important source of energy in the future. In consideration of this potential and recognizing the very complex technology that must be developed prior to commercial exploitation, the Company, early in 1974, established a Heavy Oil Group within the Production Department.

During 1974 15 core holes were drilled in the areas considered prospective for mining operations and three wells were drilled on lands where the thickness of overburden will dictate insitu recovery techniques. During 1975 the drilling and core hole programs will be expanded and a pilot operation will be initiated to evaluate various insitu recovery methods.

**SULPHUR**

Sulphur sales in 1974 averaged 275 long tons per day as compared to 268 long tons per day in 1973. The average net price received was $8.42 per long ton compared to $4.68 per long ton in 1973. Demand and price strengthened in both domestic and export markets with further improvement expected in 1975.

**RESERVES**

The Company's net proven developed and undeveloped reserves at year end, as calculated by its reservoir engineers, are summarized in the accompanying table.

The developed reserves are the quantities that can be recovered through existing facilities. Undeveloped reserves are the volumes estimated to be recoverable from wells to be drilled on proven undrilled acreage, as the result of re-completion operations, or as the result of the installation of new facilities for fluid injection or gas processing. Reserves of heavy oil, such as in the Athabasca oil sands, are not included.

| Net Reserves | 1974 | 1973 |
|---|---|---|
| Crude Oil and Natural Gas Liquids (bbls) . . . . . . . | 89,345,000 | 118,191,000 |
| Natural Gas (mcf) . . . . . . | 526,348,000 | 544,676,000 |
| Sulphur (long tons) . . . . . | 816,000 | 993,000 |

The Company's net crude oil and natural gas liquids reserves declined by 28.8 million barrels in 1974 as additions did not replace production and adjustments of 10.9 million barrels and the loss to increased royalties of 17.9 million barrels. Natural gas reserves declined by 18.3 billion cubic feet as additions did not replace production of 26 billion cubic feet and the loss to increased royalties of 19.9 billion cubic feet.

## Refining

The Company's refinery at Prince George processed 2,407,800 barrels of crude oil and condensate during the year, an average of 6,597 barrels per calendar day. An anticipated increase in market demand for heavy fuel oil in British Columbia did not develop as the pricing structure of natural gas did not increase in proportion to the escalation in cost of crude oil during the year. If the price of natural gas increases and approaches its true commodity value in British Columbia the market demand for heavy fuel oil should strengthen thus permitting an increase in refinery throughput.

The Company maintained a high standard of product quality control at the refinery and produced a full range of motor gasolines, diesel fuels, heating oils, paving asphalts and road oils.

## Marketing

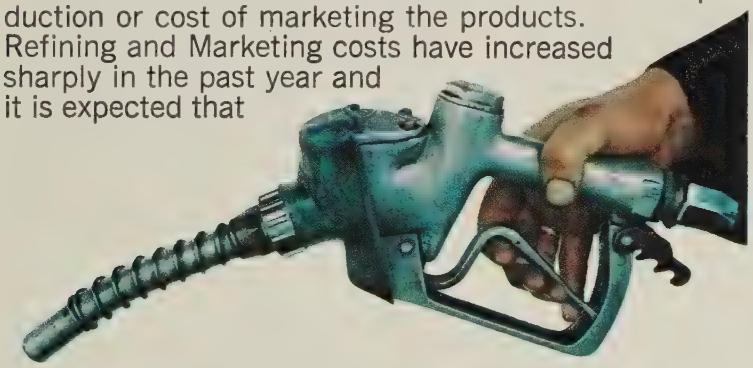
Sales volume of refined oil products to all classes of trade was 78.3 million gallons for the year, an increase of 4.4% over the previous year. The retail marketing system was expanded to 109 outlets during the year with the addition of eight new units. Retail sales increased to 17.3 million gallons.

Currently the gasoline market is unstable in many of the Company's marketing regions and price wars are prevalent in several urban areas. The advent of self-serve gasoline units and a proliferation of car washes has spearheaded the discounting practices evident in the marketplace today.

While recognizing the impact that discounting practices are having on the gasoline market, this Company will continue to provide 'full service' facilities to the motoring public through our franchised dealers in the interest of promoting safe, trouble free driving for our customers. Our franchised dealers are encouraged to provide these services to the motoring public through attractive, clean and well managed stations.

The Company increased its sales effort in the commercial and industrial light product market during 1974 with encouraging results and sales of paving asphalt reached the projected level as the road construction season extended through late fall.

The Federal and Provincial guidelines on product pricing are, in effect, price controls without provision being made to accommodate escalations in the cost of production or cost of marketing the products. Refining and Marketing costs have increased sharply in the past year and it is expected that



this trend will prevail for some time. Dealer tank wagon prices have remained essentially static except for adjustments due to crude oil price increases and Federal Sales Tax. At this point in time the Company is unaware of any definite Government policy to permit recovery of the increase in cost of doing business. Recognition of these problems by governments and action which would improve the business environment would assist the Company in planning for any future marketing programs.

## Employees

At year end the Company had a total of 360 employees on staff, an increase of eight during the year. In addition the Company employed 36 undergraduate students during the summer months in all departments of the Company, providing exposure for students to the operations of an integrated oil company. The Company's payroll and benefit cost totalled approximately $5,750,000 in 1974.

The Company continued its policy of encouraging employees to further develop and upgrade their skills by attending seminars and courses at leading educational and industrial institutions. Under the terms of the Company's educational assistance program 33 employees successfully completed extension courses. An additional 89 employees attended programs recommended to them by the Company.

Again during 1974 Union employees contributed, in a very active and meaningful way, to industry and community endeavors designed to improve community life. The Company's policy of encouraging community involvement and participation has again received the support of its employees. Approximately 85 employees were involved in active roles with various charitable institutions and with youth, educational, sports and cultural service groups.

## FINANCIAL

Net earnings for the year, after provision for income taxes payable and deferred, were $10.5 million (73 cents per share), compared with $9.1 million (63 cents per share) in 1973. Earnings for 1973 have been restated to give effect to the changes in handling of deferred income taxes described in Note 3 to the financial statements.

Cash flow during 1974 totalled $37.4 million ($2.59 per share), an increase of 9% from $34.4 million ($2.39 per share) in 1973.

Total revenues increased significantly during 1974 compared to 1973 due mainly to price increases. The revenue increase was offset, in large part, by increasing costs for goods and services used by the Company and the increasing tax burden imposed by all levels of government. The following statement provides a comparative analysis of income from all sources.

| | 1974 | 1973 |
|---|---|---|
| Sale of | | |
| Crude oil and natural gas liquids | $47,913,000 | $41,569,000 |
| Natural gas | 6,737,000 | 3,567,000 |
| Sulphur | 845,000 | 382,000 |
| Refined products | 24,576,000 | 16,742,000 |
| Interest | 3,733,000 | 1,481,000 |
| Dividends from non-controlled companies | 302,000 | 416,000 |
| Gain on sale of assets | 185,000 | 93,000 |
| Facility rentals and service charges | 739,000 | 729,000 |
| Sale of seismic data | 314,000 | 156,000 |
| Miscellaneous | 174,000 | 124,000 |
| | $85,518,000 | $65,259,000 |

Total expense for the year, excluding the provision for deferred income taxes, was $68.6 million, an increase of $16.7 million or 32% compared to 1973. The details of this increase are a 27% increase in cash operating expenses to $39.2 million, a decrease in non-cash charges of 3% to $20.4 million and provision for payment of income taxes of $9.0 million.

Funds generated during 1974 were sufficient to provide for the capital program and to add $11.8 million to working capital which totalled $46.3 million at the end of the year.

**Summary of Capital Expenditures**

| | 1974 | 1973 |
|---|---|---|
| Development | $ 5,207,000 | $ 6,198,000 |
| Exploration | 19,217,000 | 15,778,000 |
| Refining and Marketing | 1,937,000 | 1,105,000 |
| Other | 290,000 | 85,000 |
| | $26,651,000 | $23,166,000 |

As described in Note 3 to the financial statements, provision has been made in the accounts for income taxes payable for 1974. This provision is based on the recommendations of the Federal Government's November 18, 1974 budget which are contained in a Bill presented to the House of Commons on December 20, 1974. Since the November budget, the Governments of the Provinces of Alberta, Saskatchewan and British Columbia have each issued statements regarding tax rebate and other allowances which they intend to provide if the Federal Government's budget is passed into law. These Provincial policy statements are also reflected in the income tax provisions recorded in the Company's accounts.

To conform to a policy statement issued by the Canadian Securities Administrators, the Company has adopted the income tax allocation basis of accounting for deferred income taxes which was recommended by the Accounting Research Committee of the Canadian Institute of Chartered Accountants. This resulted in a provision for deferred income taxes for 1974 of $6,500,000 and adjustments in our accounts for taxes deferred in prior periods as described in Note 3 to the financial statements. The comparative figures on the financial statements have been adjusted to conform to the new handling.

Financial statistics for the past ten years appear on pages 18 and 19 of this report. Figures for years prior to 1974 have been restated to give effect to the change in recording of deferred income taxes described above. Per share figures for years prior to 1972 have been restated, for comparative purposes, to give effect to the three for one share split made in November of 1972.

**UNION OIL COMPANY OF CANADA LIMITED**
**and its wholly owned subsidiary**

## CONSOLIDATED STATEMENT OF EARNINGS

**Year ended December 31, 1974**
**(with comparative figures for 1973)**

| | 1974 | 1973 |
|---|---|---|
| Income | | |
| Sales of crude oil and natural gas liquids, natural gas, sulphur and refined products | $ 80,071,000 | $ 62,260,000 |
| Other income | 5,447,000 | 2,999,000 |
| Total income | 85,518,000 | 65,259,000 |
| Expense | | |
| Production | 10,264,000 | 9,261,000 |
| Exploration | 1,685,000 | 1,469,000 |
| Rentals on unproven lands | 1,348,000 | 1,358,000 |
| Amortization of unproven lands | 8,109,000 | 3,793,000 |
| Depletion | 1,225,000 | 1,458,000 |
| Depreciation | 6,060,000 | 6,151,000 |
| Dry holes and abandonments | 5,013,000 | 9,603,000 |
| Refining and marketing | 22,002,000 | 15,187,000 |
| General and administrative (Note 4) | 3,860,000 | 3,615,000 |
| Total expense | 59,566,000 | 51,895,000 |
| Earnings before provision for income taxes | 25,952,000 | 13,364,000 |
| Income taxes — payable (Note 3) | 9,000,000 | — |
| — deferred (Note 3) | 6,500,000 | 4,227,000 |
| Earnings for the Year | $ 10,452,000 | $ 9,137,000 |

(per share — 1974 $0.73, 1973 $0.63)

**UNION OIL COMPANY OF CANADA LIMITED**
**and its wholly owned subsidiary**

# CONSOLIDATED BALANCE SHEET

**December 31, 1974**
**(with comparative figures at December 31, 1973)**

| | 1974 | 1973 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash | $ 3,550,000 | $ 875,000 |
| Short term deposits | 42,705,000 | 28,753,000 |
| Accounts receivable | 17,746,000 | 14,169,000 |
| Inventories (Note 5) | | |
| Crude oil and natural gas liquids, sulphur and refined products | 4,108,000 | 2,566,000 |
| Materials and supplies | 2,683,000 | 1,097,000 |
| | 70,792,000 | 47,460,000 |
| Property, Plant and Equipment, at cost (Note 7) | 204,865,000 | 187,523,000 |
| Less: Accumulated amortization, depletion and depreciation | 77,325,000 | 65,519,000 |
| | 127,540,000 | 122,004,000 |
| Other Assets | | |
| Long term receivables | 253,000 | 559,000 |
| Investment in non-controlled companies, at cost | 1,043,000 | 954,000 |
| Operating and performance deposits | 689,000 | 664,000 |
| Prepaid and deferred charges | 1,229,000 | 1,370,000 |
| | 3,214,000 | 3,547,000 |
| | $201,546,000 | $173,011,000 |

Approved by the Board of Directors

Director

Director

| | 1974 | 1973 |
|---|---|---|
| **Liabilities** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 15,504,000 | $ 12,961,000 |
| Income taxes payable (Note 3) | 9,000,000 | — |
| | 24,504,000 | 12,961,000 |
| Deferred Income Taxes (Note 3) | 30,065,000 | 23,565,000 |
| **Shareholders' Equity** | | |
| Share Capital (Note 8) | | |
| Authorized 22,500,000 shares without par value | | |
| Issued and fully paid | | |
| 1974 — 14,399,190 shares | 4,960,000 | |
| 1973 — 14,395,440 shares | | 4,920,000 |
| Contributed Surplus | 73,318,000 | 73,318,000 |
| | 78,278,000 | 78,238,000 |
| Earned Surplus (Note 3) | 68,699,000 | 58,247,000 |
| | 146,977,000 | 136,485,000 |
| | $201,546,000 | $173,011,000 |

## CONSOLIDATED STATEMENT OF EARNED SURPLUS

**Year ended December 31, 1974**
**(with comparative figures for 1973)**

| | 1974 | 1973 |
|---|---|---|
| Balance at beginning of year | $ 73,677,000 | $ 61,095,000 |
| Deferred income taxes related to prior years | (15,430,000) | (11,985,000) |
| Adjusted balance at beginning of year | 58,247,000 | 49,110,000 |
| Net earnings for the year | 10,452,000 | 9,137,000 |
| Balance at end of year | $ 68,699,000 | $ 58,247,000 |

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

**Year ended December 31, 1974**
**(with comparative figures for 1973)**

| | 1974 | 1973 |
|---|---|---|
| Source of Funds | | |
| Sales of crude oil and natural gas liquids, natural gas, sulphur and refined products, and other income | $ 85,518,000 | $ 65,259,000 |
| Less: Expenditures for production, exploration, rentals on unproven lands, refining and marketing, general and administrative expense and for income taxes | 48,159,000 | 30,890,000 |
| Funds provided from operations | 37,359,000 | 34,369,000 |
| Issue of shares (Note 8) | 40,000 | 101,000 |
| Disposal of property, plant and equipment | 708,000 | 331,000 |
| | 38,107,000 | 34,801,000 |
| Employment of Funds | | |
| Capital expenditures | 26,651,000 | 23,166,000 |
| Net increase (decrease) in other assets | (333,000) | 130,000 |
| | 26,318,000 | 23,296,000 |
| Increase in working capital | 11,789,000 | 11,505,000 |
| Working capital at beginning of year | 34,499,000 | 22,994,000 |
| Working capital at end of year | $ 46,288,000 | $ 34,499,000 |

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 — Summary of Accounting Practices

With effect from January 1, 1974, the Company has adopted the tax allocation basis of accounting in respect of all timing differences between net earnings and taxable income as described in Note 3. Adjustment for prior periods has been recorded in Earned Surplus.

There have been no other significant changes in the Company's accounting practices during the year.

All expenditures with the exceptions noted, are charged to expense when incurred.

The cost of drilling wells and the cost of geophysical surveys are initially capitalized. The cost of dry holes and the cost of geophysical surveys which do not result in the acquisition or retention of lands are subsequently charged to expense when the results are evaluated.

The cost of acquisition of oil and gas lands, which includes a portion of the drilling cost of wells which earned an interest in those lands and the cost of geophysical surveys which resulted in acquisition or retention of those lands, are capitalized. Such costs attributed to unproven lands are subsequently amortized by charging to expense each year an amount calculated to write off these costs over the estimated period of retention of the lands. When unproven lands are surrendered accumulated amortization is reduced by the costs attributed to such lands. When unproven lands become productive the original costs are transferred to proven lands and, like the acquisition costs of producing properties, are amortized by charging to expense each year a provision for depletion calculated on a unit of production basis, using in the calculation total proven reserves, both developed and undeveloped.

Costs of drilling successful wells and costs of production equipment and facilities, including gas processing plants, are capitalized and subsequently charged to expense as depreciation, which is calculated on a unit of production basis using in the calculation only proven developed reserves.

Costs of refining, marketing and general facilities are capitalized and subsequently charged to expense as depreciation which is calculated on a straight line bases to write off the costs over the estimated useful life of the facility.

### Note 2 — Principles of Consolidation

The consolidated financial statements include the accounts of Union Oil Company of Canada Limited and its wholly owned subsidiary, Union Oil Holdings Limited.

### Note 3 — Income Taxes

In calculating income taxes reported herein, full consideration has been given to the provisions contained in Bill C-49 presented to the House of Commons on December 20, 1974, which will enact the proposals of the Minister of Finance's budget, which was introduced on November 18, 1974. The effects of announcements made by each of the Provinces of Alberta, Saskatchewan and British Columbia regarding rebates and allowances have also been included in our income tax calculations. It must be noted that none of the foregoing has yet been legislated and, therefore, could be changed. However, it is considered appropriate to give effect to the announced policies because, on enactment, they will have a retroactive affect on the Company's earnings for 1974. Had this procedure not been followed, the income taxes payable for 1974 would have been lower by $8,000,000 and the provision for deferred income taxes would have been higher by $1,200,000 resulting in a combined increase in net earnings of $6,800,000.

Under the provisions of the Income Tax Acts and Bill C-49, presently before the House of Commons, the Company may deduct its drilling and exploration expenses and may provide for capital cost allowances at rates which vary from the corresponding write-offs and depreciation recorded in the Company's accounts. Any excess of such costs not used in one year may be carried forward to apply against future income. At December 31, 1974, drilling and exploration expenses totalling approximately $3,850,000 were carried forward for use in computing taxable income in future years. There remained at the same date approximately $22,400,000 of assets in respect of which capital cost allowances may be claimed. At December 31, 1973, the comparable figures were approximately $18,900,000 and $22,700,000.

Under the provisions of the income tax reform legislation which came into effect on January 1, 1972, certain expenditures made since November 7, 1969, may be carried forward for use in calculating depletion which was to be applied in determining taxable income after 1976. The budget presented to the House of Commons by the Minister of Finance on November 18, 1974, included provisions which would give effect to the earned depletion system on May 7, 1974. The accumulated expenditures are therefore applied in determining taxable income after that date. After taking into consideration the expenditures applied in calculating income taxes for 1974, the accumulated amount of those expenditures at December 31, 1974, only 33⅓% of which may constitute earned depletion, was approximately $64,300,000 ($62,000,000 at December 31, 1973).

To the end of 1973 the Company, following general practice in the industry, made provision in the accounts for the amount of income taxes deferred only by reason of the difference between income tax calculations and financial accounting practice relative to depreciable assets. As a result of a policy statement issued by the Canadian Securities Administrators, which statement was reviewed and affirmed by the Administrators following representations by oil and gas industry associations, the Company has adopted the income tax allocation basis of accounting recommended by the Accounting Research Committee of the Canadian Institute of Chartered Accountants. Therefore, provision has been made in the Company's accounts for income taxes deferred by reason of timing differences related to drilling and exploration expense and retroactive adjustment has been made for taxes deferred in prior periods. As shown in the Statement of Earned Surplus the adjustment for prior periods totalled $15,430,000. The amount provided for deferred income taxes in 1974 is $6,500,000 ($4,227,000 in 1973), compared with a reduction of approximately $300,000 ($782,000 increase in 1973) had the change described above not been made.

**Note 4 — Remuneration Paid to Directors and Officers**

Statement required by Canada Corporations Act:

(a) number of directors — five
aggregate remuneration as directors — $2,500

(b) number of officers — seven
aggregate remuneration as officers — $263,352

(c) number of officers who are also directors — two

Statement required by certain provincial Securities Acts:

Aggregate direct remuneration paid or payable by the Company and its consolidated subsidiary to the directors and senior officers of the Company amounted to $265,852.

**Note 5 — Inventories**

Valuation of inventories is at or below average cost but does not exceed net realizable value.

**Note 6 — Commitments and Contingencies**

In accordance with relevant regulations, the Company has issued non interest bearing demand notes which are on deposit with the governments of Canada and Alberta to guarantee the performance of exploratory work in respect of certain Crown oil and gas rights granted to the Company. These demand notes totalled $3,950,000 at December 31, 1974.

The Company is contingently liable for the payment of principal (to a maximum of $2,425,000 at December 31, 1974) and interest in respect of certain debentures of a pipeline company of which Union Oil Company of Canada Limited is a shareholder.

**Note 7 — Property, Plant and Equipment**

| | at December 31, 1974 | | | |
|---|---|---|---|---|
| | Gross investment at cost | Accumulated depletion, depreciation and amortization | Net investment | Net investment December 31, 1973 |
| Unproven lands | $ 45,497,000 | $ 10,625,000 | $ 34,872,000 | $ 30,230,000 |
| Proven lands | 38,730,000 | 22,788,000 | 15,942,000 | 16,041,000 |
| Exploration work in progress | 2,115,000 | — | 2,115,000 | 1,439,000 |
| Oil and gas wells and facilities | 68,527,000 | 28,644,000 | 39,883,000 | 39,419,000 |
| Gas plants and facilities | 17,083,000 | 7,447,000 | 9,636,000 | 10,569,000 |
| Marketing sites and facilities | 18,809,000 | 3,027,000 | 15,782,000 | 14,961,000 |
| Refinery | 10,608,000 | 3,453,000 | 7,155,000 | 7,284,000 |
| Other facilities and equipment | 3,496,000 | 1,341,000 | 2,155,000 | 2,061,000 |
| | $204,865,000 | $ 77,325,000 | $127,540,000 | $122,004,000 |

**Note 8 — Share Capital**

The following is a summary of shares issued during 1974:

| | Number of Shares | Total Consideration | Amount Credited to Share Capital |
|---|---|---|---|
| Issued for cash pursuant to stock options granted in 1970 | 3,750 | $39,938 | $39,938 |

At December 31, 1974, options to purchase no par value shares of the Company were outstanding as follows:

| | Held by | | |
|---|---|---|---|
| Date of Grant | Officers (one of whom is a director) | Employees | Option Price |
| September 17, 1970 | 6,930 | 6,540 | $10.65 |
| September 9, 1973 | 1,500 | — | $13.95 |
| March 8, 1974 | 16,800 | 6,875 | $11.95 |
| | 25,230 | 13,415 | |

Option prices are 90% of the market price at the date of grant. In the case of the 1970 options, effect has been given to the three for one share split in November, 1972.

## AUDITORS' REPORT

To the Shareholders of
Union Oil Company of Canada Limited

We have examined the consolidated balance sheet of Union Oil Company of Canada Limited and its wholly owned subsidiary as at December 31, 1974, and the consolidated statements of earnings, earned surplus and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974, and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of recording deferred income taxes referred to in note 3 to the financial statements, on a basis consistent with that of the preceding year.

Calgary, January 31, 1975.

Coopers & Lybrand
Chartered Accountants

## TEN YEAR STATISTICAL REVIEW

Per share figures for years prior to 1972 have been restated for comparative purposes to give effect to the three for one share split in November of 1972.

Deferred income tax figures have been adjusted to conform with the change in handling as outlined in Note 3 on page 15.

| **Financial** (in thousands of dollars, except where otherwise specified) | **1974** | 1973 | 1972 |
|---|---|---|---|
| Income from all sources | **$ 85,518** | $ 65,259 | $ 53,407 |
| Cash expenses | **48,159** | 30,890 | 26,914 |
| Cash flow from operations | **37,359** | 34,369 | 26,493 |
| Dollars per share | **2.59** | 2.39 | 1.84 |
| Non-cash expense | **20,407** | 21,005 | 16,503 |
| Provision for deferred income taxes | **6,500** | 4,227 | 2,826 |
| Earnings for the year | **10,452** | 9,137 | 7,164 |
| Dollars per share | **0.73** | 0.63 | 0.50 |
| Non-recurring profit on sale of assets | — | — | — |
| Dollars per share | — | — | — |
| Working capital | **46,288** | 34,499 | 22,994 |
| Property, plant and equipment, net | **127,540** | 122,004 | 120,174 |
| Investments and other assets | **3,214** | 3,547 | 3,417 |
| Total assets employed | **177,042** | 160,050 | 146,585 |
| Loan and other liabilities | — | — | — |
| Accumulated provision for deferred income taxes | **30,065** | 23,565 | 19,338 |
| Shareholders' equity | **146,977** | 136,485 | 127,247 |
| Dollars per share | **$ 10.21** | $ 9.48 | $ 8.85 |
| Number of shares issued and outstanding (Since 1972 no par value, prior years $1 par value) | **14,399,190** | 14,395,440 | 14,385,940 |
| Number of shareholders | **983** | 915 | 858 |
| Capital expenditures | | | |
| Development drilling | **$ 2,318** | $ 4,177 | $ 1,515 |
| Oil, gas and gas plant facilities | **2,861** | 2,021 | 2,812 |
| Exploratory drilling | **9,524** | 13,348 | 5,944 |
| Geophysical surveys | **3,737** | 1,088 | 2,616 |
| Acquisition of oil and gas properties and other rights and interests | **5,984** | 1,342 | 6,067 |
| Refining | **385** | 57 | 58 |
| Marketing | **1,552** | 1,048 | 602 |
| Other | **290** | 85 | 521 |
| Total | **$ 26,651** | $ 23,166 | $ 20,135 |
| **Operating** | | | |
| Average net daily production | | | |
| Crude oil and natural gas liquids (bbls.) | **26,601** | 34,530 | 35,227 |
| Natural gas (mcf) | **71,770** | 63,952 | 57,794 |
| Sulphur (long tons) | **257** | 257 | 289 |
| Net proven reserves | | | |
| Crude oil and natural gas liquids (thousands of bbls.) | **89,345** | 118,191 | 137,620 |
| Natural gas (mmcf) | **526,348** | 544,676 | 538,451 |
| Sulphur (long tons) | **816,000** | 993,000 | 1,115,000 |
| Land holdings (thousands of net acres) | **8,430** | 6,221 | 5,288 |
| Refinery throughput (bbls. per calendar day) | **6,597** | 6,507 | 6,270 |
| Number of employees | **360** | 352 | 371 |

* *First full year of operation*

| 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 |
|---|---|---|---|---|---|---|
| $ 47,790 | $ 40,703 | $ 37,143 | $ 30,896 | $ 25,265 | $ 23,947 | $ 12,277 |
| 23,226 | 20,773 | 17,112 | 14,223 | 8,133 | 6,994 | 3,451 |
| 24,564 | 19,930 | 20,031 | 16,673 | 17,132 | 16,953 | 8,826 |
| 1.71 | 1.39 | 1.39 | 1.16 | 1.19 | 1.19 | 0.82 |
| 13,823 | 12,740 | 12,180 | 11,417 | 10,279 | 10,575 | 5,537 |
| 3,291 | 2,236 | 2,495 | 1,768 | 2,265 | 2,121 | 1,462 |
| 7,450 | 4,954 | 5,356 | 3,488 | 4,588 | 4,257 | 1,827 |
| 0.52 | 0.34 | 0.37 | 0.24 | 0.32 | 0.34 | 0.17 |
| — | 1,257 | — | — | — | — | 12,087 |
| — | 0.09 | — | — | — | — | 1.12 |
| 16,386 | 4,756 | 755 | (2,592) | 8,083 | 12,574 | 13,535 |
| 116,815 | 117,946 | 114,933 | 108,192 | 93,240 | 82,213 | 74,942 |
| 3,343 | 2,964 | 3,567 | 3,764 | 2,785 | 2,225 | 1,986 |
| 136,544 | 125,666 | 119,255 | 109,364 | 104,108 | 97,012 | 90,463 |
| — | — | 2,040 | — | — | 101 | 23,367 |
| 16,512 | 13,221 | 10,985 | 8,490 | 6,722 | 4,457 | 2,336 |
| 120,032 | 112,445 | 106,230 | 100,874 | 97,386 | 92,454 | 64,760 |
| $ 8.35 | $ 7.83 | $ 7.39 | $ 7.02 | $ 6.79 | $ 6.36 | $ 6.00 |
| 4,793,710 | 4,789,430 | 4,789,300 | 4,789,300 | 4,789,300 | 4,768,050 | 3,600,600 |
| 917 | 1,041 | 1,037 | 1,212 | 1,310 | 1,451 | 1,865 |
| $ 2,089 | $ 2,130 | $ 2,968 | $ 5,276 | $ 3,465 | $ 4,436 | $ 3,315 |
| 2,350 | 3,412 | 3,202 | 12,039 | 1,592 | 2,680 | 1,426 |
| 3,220 | 2,444 | 1,226 | 1,796 | 1,685 | 2,426 | 1,511 |
| 1,770 | 3,009 | 1,611 | 1,914 | 3,331 | 1,633 | 360 |
| 1,457 | 1,629 | 3,858 | 934 | 2,591 | 27,196 | 1,554 |
| 76 | 127 | 1,286 | 337 | 6,125 | 1,893 | 278 |
| 1,629 | 2,417 | 4,618 | 3,970 | 2,576 | 994 | — |
| 248 | 798 | 337 | 158 | 170 | 110 | 103 |
| $ 12,839 | $ 15,966 | $ 19,106 | $ 26,424 | $ 21,535 | $ 41,368 | $ 8,547 |
| 33,958 | 33,289 | 30,162 | 27,565 | 26,960 | 26,405 | 12,030 |
| 47,128 | 44,089 | 42,653 | 36,496 | 25,915 | 24,028 | 13,700 |
| 264 | 241 | 206 | — | — | — | — |
| 147,576 | 155,443 | 154,795 | 152,502 | 150,696 | 133,474 | 127,891 |
| 510,065 | 472,506 | 466,168 | 454,384 | 405,796 | 403,274 | 367,879 |
| 1,190,099 | 1,240,613 | 1,317,771 | 1,278,279 | 1,241,202 | 659,279 | 249,129 |
| 5,519 | 5,681 | 6,628 | 7,397 | 6,169 | 5,377 | 5,825 |
| 5,955 | 5,143 | 5,720 | 4,061* | — | — | — |
| 357 | 329 | 286 | 234 | 191 | 133 | 112 |

## Directors

**R. A. Burke**
Senior Vice-President,
Union Oil Company of California,
Los Angeles, California

**W. E. Farrar**
President,
Union Oil Company of Canada Limited,
Calgary, Alberta

**Fred L. Hartley**
Chairman of the Board,
Union Oil Company of Canada Limited,
Chairman of the Board and President,
Union Oil Company of California,
Los Angeles, California

**C. F. Parker**
Senior Vice-President,
Union Oil Company of California,
Los Angeles, California

**James M. Tory, Q.C.**
Tory, Tory DesLauriers and Binnington,
Toronto, Ontario

## Officers

**Fred L. Hartley**
Chairman of the Board

**W. E. Farrar**
President

**C. W. Dumett, Jr.**
Vice-President, Production

**G. P. Salisbury**
Vice-President, Exploration

**J. C. Browning**
Vice-President, Refining and Marketing

**R. G. Byers**
General Counsel and Secretary

**J. L. Maclagan**
Treasurer, Comptroller,
and Assistant Secretary

**Head Office**
335 Eighth Avenue S.W.,
Calgary, Alberta

**Transfer Agent and Registrar**
The Royal Trust Company,
Calgary, Montreal, Toronto,
Winnipeg, Vancouver

**Subsidiary**
Union Oil Holdings Limited

**Stock Exchange Listings**
The shares of the Company are listed on the Toronto, Montreal, Vancouver and Calgary Stock Exchanges.

The acquisition of shares of the Company is exempt from the application of the United States Interest Equalization Tax Act.

**Auditors**
Coopers & Lybrand

Incorporated under the Laws of Canada


BEAUFORT SEA
PRUDHOE BAY
ALASKA
INUVIK
FT. McPHERSON
YUKON
WHITE HORSE
VICTORIA ISLAND
North Magnetic Pole
BAFFIN ISLAND
GREENLAND
Arctic Circle
LABRADOR SEA
LEGEND
AREAS IN WHICH THE COMPANY HAS OIL AND GAS RIGHTS
Scale: 1" = 200 miles
NORTHWEST TERRITORIES
YELLOWKNIFE
HUDSON BAY
BRITISH COLUMBIA
PRINCE GEORGE
ALBERTA
EDMONTON
SASKATCHEWAN
MANITOBA
CALGARY
VANCOUVER
VICTORIA
REGINA
WINNIPEG
PACIFIC OCEAN
ONTARIO
QUEBEC
NEWFOUNDLAND
NEWFOUNDLAND
P.E.I.
N. B.
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